

## Earnings Characteristics of Hired Farmworkers in 1998

In many nonfarm industries, the hourly wage is established through negotiations between a workers' bargaining unit and an employer. Generally, farm employers establish the wage system, and pay hourly wages, piece-rate wages, and/or a combination of hourly and piece-rate wages (Martin, 1998). According to Martin, farm employers tend to pay hourly wages under the following situations:

- When they want slow and careful work, such as pruning trees and vines.
- When the employer can easily control the pace of the work, such as field packing of vegetables, in which workers walk behind a machine whose pace is controlled by the driver/employer.
- By tradition for certain tasks, such as early season picking, thinning, or hoeing.

Farm employers tend to pay piece-rate wages under the following situations:

- When it is difficult to regulate the pace of the work.
- When product quality is not of great importance.
- When an employer wants to keep labor costs constant with a diverse labor force.

Employers pay a combination hourly and piece-rate wages when they want careful but fast work.

The average hourly earnings of workers who are paid piece rates are typically higher than hourly wages. However, hourly workers tend to average more hours per week. Martin (1998) found little difference between the weekly earnings of workers paid piece rate or hourly wages in California (Martin, 1998).

The median weekly earnings for hired farmworkers were considerably lower than for all wage and salary workers. Hired farmworkers received median weekly earnings of \$260, about 57 percent of the \$456 received by all wage and salary workers (table 15).<sup>7</sup>

<sup>7</sup> Data on earnings refer to the usual earnings received from the worker's farmwork job, before deductions, and include any overtime pay or commissions.

The gap appears to have widened since 1996, when hired farmworkers received median weekly earnings of 60 percent of those received by all wage and salary workers (app. tables 1 and 2). Emerson and Roka (1999) argue that the financial return to unskilled labor, such as most hired farmwork, has remained relatively constant, while the financial return to more highly skilled labor has increased, increasing the gap between skilled and unskilled labor.

Between 1990 and 1998, median weekly earnings of hired farmworkers increased 30 percent (from \$200 to \$260), while the median weekly earnings of all wage and salary workers increased 27 percent (from \$360 to \$456). After adjusting for inflation, the median weekly earnings of hired farmworkers increased only 4 percent between 1990 and 1998, and the median weekly earnings for all wage and salary workers increased about 2 percent. Hired farmworkers, regardless of part-time or full-time status, continued to rank among the lowest paid workers of 13 major occupational groups (figs. 19, 20, and 21).

In addition to differences in weekly earnings between hired farmworkers and all wage and salary workers, weekly earnings differed among groups within the hired farm workforce (table 16). Hired farmworkers who were male, white or black and other, 25 to 55 years of age, more educated with at least 12 years of school, employed in livestock production, and living in the West had higher median earnings than their comparison groups.

### Minimum Wage

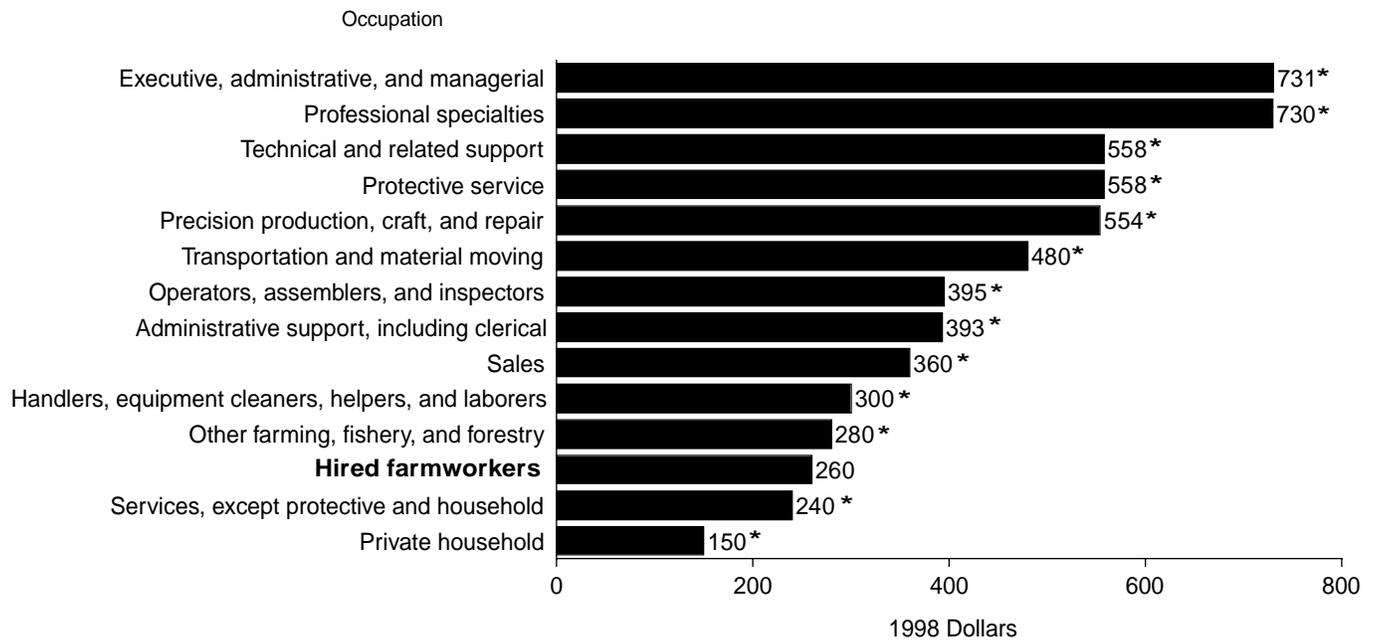
Comparing the percentage of hired farmworkers earning the Federal minimum wage with the percentage of all wage and salary workers earning the Federal minimum wage requires a brief discussion of the different treatment the employers of the two groups receive under Federal law. Many farm employers (including those employing 500 or less man-days of labor in a calendar quarter and those employing workers primarily in the range production of livestock) are not required to pay the Federal minimum wage (Runyan, 2000). Also some States (California, for example) require all employers to pay State minimum wages that are equal to or greater than the Federal minimum wage. Therefore, a significantly large percentage of hired farmworkers earning less than the Federal mini-

**Table 15—Weekly earnings of hired farmworkers and all wage and salary workers, 1998**

Characteristics	Annual averages	
	Hired farmworkers	All wage and salary workers
	<i>Thousands</i>	
Total	779	116,882
	<i>Percent</i>	
Weekly earnings:		
Less than \$100	11.1*	5.0
\$100-\$199	14.3*	9.2
\$200-\$299	34.7*	14.2
\$300-\$399	18.2*	13.7
\$400-\$499	9.8*	12.6
\$500-\$599	5.2*	9.9
\$600 and over	6.7*	35.4
Median weekly earnings	\$260*	\$456

\*Significantly different from all wage and salary workers at the 95-percent confidence level.  
 Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

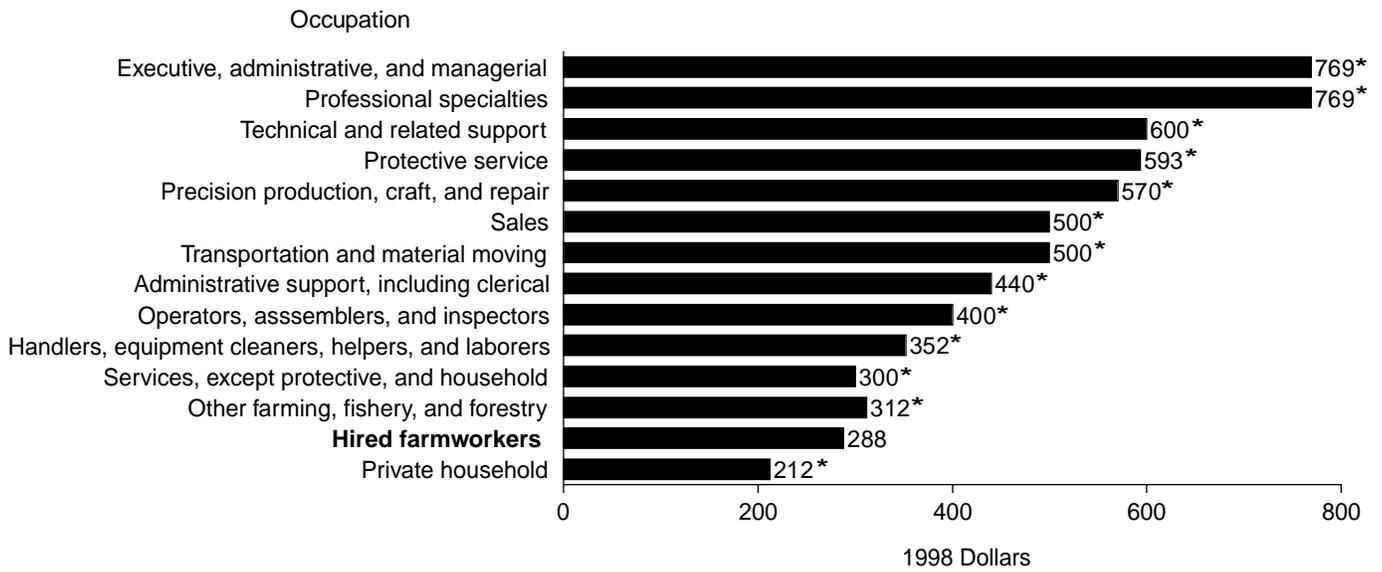
Figure 19  
**Median weekly earnings of all workers, by occupation, 1998**



\*Significantly different from hired farmworkers at the 95-percent confidence level.  
 Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

Figure 20

**Median weekly earnings of full-time workers, by occupation, 1998**

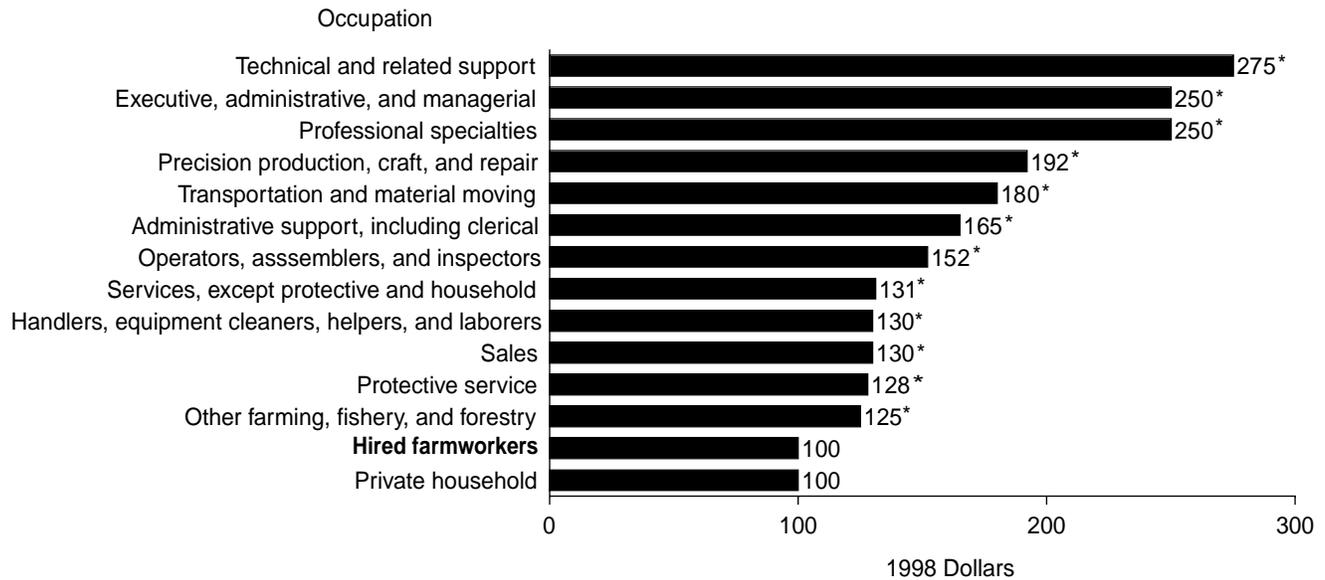


\*Significantly different from hired farmworkers at the 95-percent confidence level.

Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

Figure 21

**Median weekly earnings of part-time workers, by occupation, 1998**



\*Significantly different from hired farmworkers at the 95-percent confidence level.

Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

**Table 16—Median weekly earnings of hired farmworkers, by demographic and employment characteristics, 1998**

Characteristic	Annual averages				
	Hired farmworkers	Median weekly earnings	Characteristic	Hired farmworkers	Median weekly earnings
	<i>Thousands</i>	<i>Dollars</i>		<i>Thousands</i>	<i>Dollars</i>
All hired farmworkers	875	260	Schooling completed (years):		
			0-4	96	250*
Gender:			5-8	184	246*
Male	733	270*	9-11	218	210*
Female	142	230*	12	232	315*
			13 or more	145	300*
Racial/ethnic:			Establishment:		
White	458	269*	Crop production	458	255*
Hispanic	366	250*	Livestock production	368	277*
Black and other	91	269*	Other		
Age (years):			Census region:		
Less than 20	133	106*	Northeast	64	240*
20-24	116	243*	South	275	250*
25-34	224	276*	Midwest	167	240*
35-44	185	312*	West	369	272*
45-54	122	280*	Status:		
55 and older	95	250*	Part-time	162	100*
			Full-time	713	288*

\*Significantly different from all hired farmworkers at the 95-percent confidence level.

Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

minimum wage does not indicate widespread labor law violations by farm employers.

In 1998, about 25 percent of all hired farmworkers and 22 percent of full-time farmworkers earned less than \$5.15 an hour—the Federal minimum wage.<sup>8</sup> In comparison, 6 percent of all wage and salary workers and 5 percent of all full-time wage and salary workers received less than \$5.15 an hour. Hired farmworkers earning less than the minimum wage were more likely than all hired farmworkers to be white, younger, and working in livestock production, and less likely to be located in the West (table 17).

<sup>8</sup> Workers report their earnings on the CPS as weekly earnings or hourly earnings if they were paid by the hour. Weekly earnings were converted to hourly earnings by dividing by the number of hours usually worked at the primary job. Both the calculated and reported hourly wages were used in the analysis. The U.S. Department of Labor reports are based on hourly earnings (USDLE, 1999).

## Family Income

For most hired farmworkers, earnings are a major source of family income. Those employed as hired farmworkers in their primary job had lower family incomes in 1998 than did all wage and salary workers (table 18).<sup>9</sup> About half of the hired farmworkers had family incomes of less than \$20,000, compared with only 25 percent of all wage and salary workers. These patterns remained the same for full-time workers as well. The percentages of all and full-time hired farmworkers with family incomes less than \$20,000 were among the highest of 14 major occupations (figs. 22 and 23).

<sup>9</sup> The CPS defines family income as the combined income of all family members during the past 12 months, including money from jobs; net income from businesses, farms, and rents; pensions, dividends, interest, and social security payments; and any other money received by family members who are 15 years of age and older.

**Table 17—Demographic characteristics of hired farmworkers earning less than the minimum wage (\$5.15 an hour), 1998**

Characteristics	Annual averages					
	All hired farmworkers earning less than \$5.15 an hour		Full-time hired farmworkers earning less than \$5.15 an hour <sup>1</sup>		All hired farmworkers	
	Thousands	Percent	Thousands	Percent	Thousands	Percent
All	218	100	159	100	875	100
Gender						
Male	177	81.3	138	86.4	733	83.8
Female	41	18.7	21	13.6	142	16.2
Racial/ethnic group:						
White	140	64.4*	87	54.7	458	52.4
Hispanic	71	32.6*	67	42.1	366	41.8
Black and others	7	3.0	5	3.2	51	5.8
Age (years):						
Less than 20	56	25.7*	21	13.4	133	15.2
20-24	32	14.6	28	17.6	116	13.3
25-34	40	18.3*	36	22.7	224	25.6
35-44	34	15.5	29	18.1	185	21.1
45-54	27	12.7	22	14.1	122	14.0
55 and over	28	13.2	22	14.1	95	10.8
Median age		30*		34*		33
Schooling completed:						
0-4 years	24	10.8	21	13.3	96	10.9
5-8 years	40	18.5	36	22.5	184	21.1
9-11 years	59	27.1	30	18.6	218	24.9
12 years <sup>2</sup>	53	24.5	41	26.0	232	26.5
13 or more years	42	19.0	31	19.6	145	16.6
Citizenship status:						
U.S.	158	72.8	103	64.6	581	66.4
Foreign born, not a U.S. citizen	59	27.2	56	35.4	294	33.6
Establishment:						
Crop production	90	41.2*	71	44.7	458	52.3
Livestock production	110	55.1*	81	50.6	368	42.0
Other <sup>3</sup>	8	3.7	7	4.7	49	5.7
Census region:						
Northeast	17	7.9	12	7.6	64	7.4
South	75	34.4	58	36.2	275	31.4
Midwest	54	24.8	30	18.8	167	19.1
West	71	32.8*	60	37.4	369	42.2

<sup>1</sup>Worked 35 or more hours per week as a hired farmworker.

<sup>2</sup>Schooling completed: 12 years means that a person received a high school diploma, GED, or equivalent degree.

<sup>3</sup>Other establishments refer to agricultural services.

\*Significantly different from all hired farmworkers at the 95-percent confidence level.

Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

**Table 18—Family income of hired farmworkers and all wage and salary workers, 1998<sup>1</sup>**

Income	Annual averages			
	Hired farmworkers		All wage and salary workers	
	<i>Thousands</i>	<i>Percent</i>	<i>Thousands</i>	<i>Percent</i>
Totals	875	100	116,882	100
Less than \$10,000	221	25.2*	17,473	15.0
\$10,000-\$19,999	213	24.3*	11,186	9.6
\$20,000-\$29,999	154	17.7*	15,108	12.9
\$30,000-\$39,999	107	12.2	15,224	13.0
\$40,000-\$49,999	67	7.7*	12,432	10.6
\$50,000 or more	113	12.9*	45,459	38.9

<sup>1</sup>Combined income of all family members during the last 12 months. Includes money from jobs; net income from businesses, farms and rents; pensions, dividends, interest, and social security payments; and any other money income received by family members who are 15 years of age and older.

\*Significantly different from all wage and salary workers at the 95-percent confidence level.

Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

### Low-Wage Workers

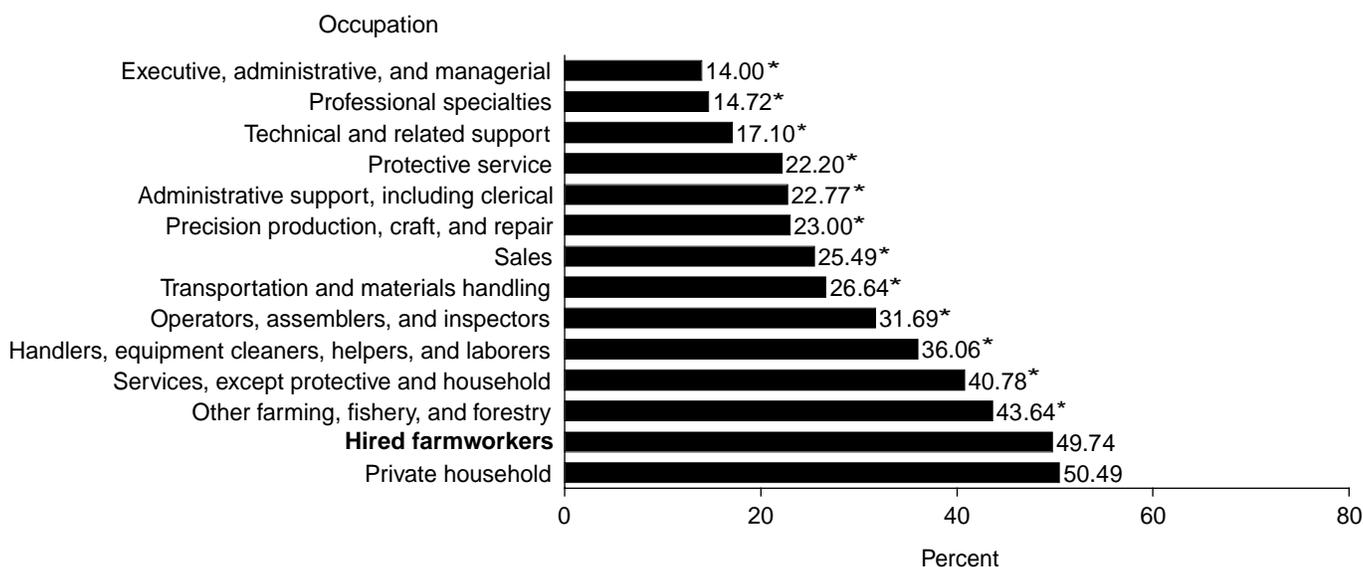
Low-wage workers were defined as those 25 years of age and over who earned less than the official U.S. 1998 weighted poverty threshold for a family of four (\$16,655). In 1998, about 55 percent of hired farmworkers were classified as low-wage based on this definition. Hired farmworkers had higher proportions of low-wage workers than most other occupations (except for private household, and services, except protective and household) (fig. 24).

Among full-time hired farmworkers, the proportion of low-wage workers was lower (45 percent) than for all workers (fig. 25).

More than half (55 percent) of the low-wage hired farmworkers were Hispanic, over 64 percent had completed less than 12 years of education, over 60 percent were working in crop production, and almost 57 percent were U.S. citizens (table 19). Also, over half had family incomes less than \$15,000 in the last 12 months.

Figure 22

**Percent of all wage and salary workers with family incomes less than \$20,000, by occupation, 1998<sup>1</sup>**



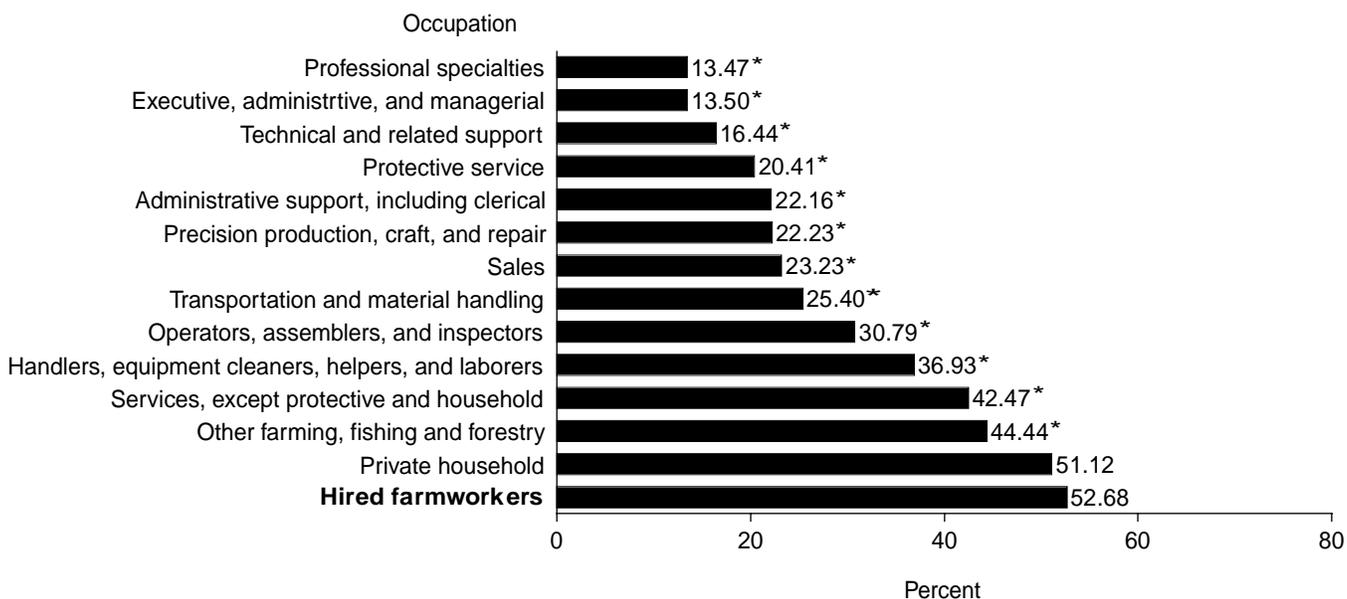
<sup>1</sup>Combined income of all family members during the last 12 months. Includes money from jobs; net income from businesses, farms, and rents; pensions, dividends, interest, and social security payments; and any other money income received by family members who are 15 years of age and older.

\*Significantly different from hired farmworkers at the 95-percent confidence level.

Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

Figure 23

**Percent of full-time wage and salary workers with family incomes less than \$20,000, by occupation, 1998<sup>1</sup>**



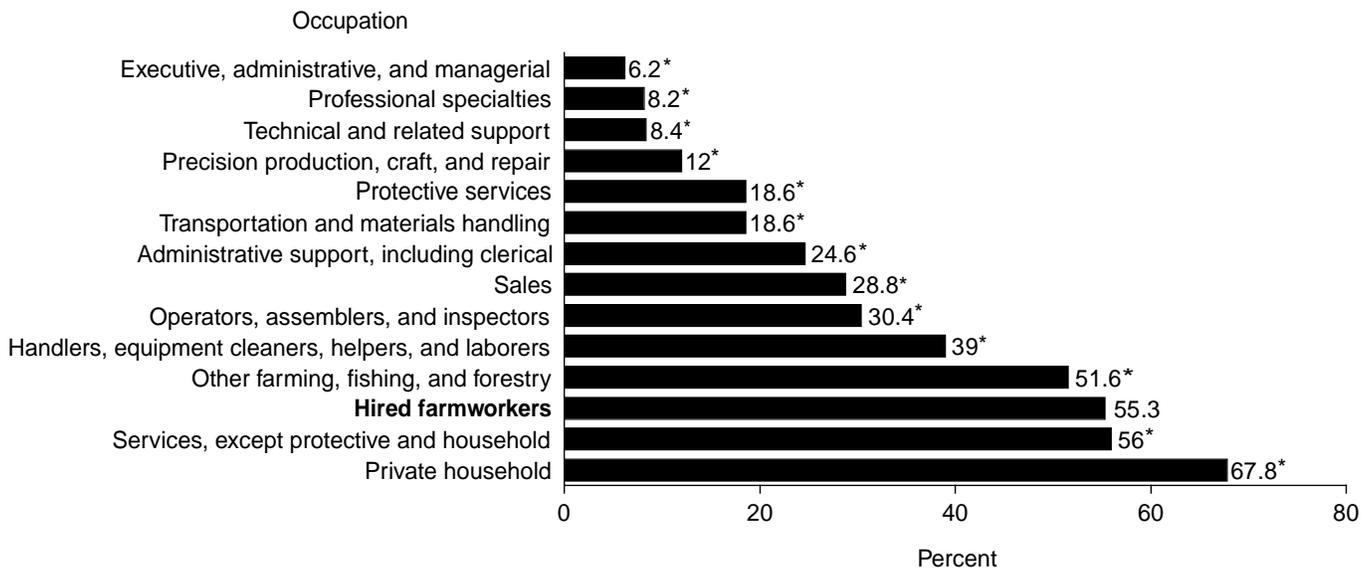
<sup>1</sup>Combined income of all family members during the last 12 months. Includes money from jobs; net income from businesses, farms, and rents; pensions, dividends, interest, and social security payments; and any other money income received by family members who are 15 years of age and older.

\*Significantly different from hired farmworkers at the 95-percent confidence level.

Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

Figure 24

**Percent of all workers who are low-wage, by occupation, 1998**

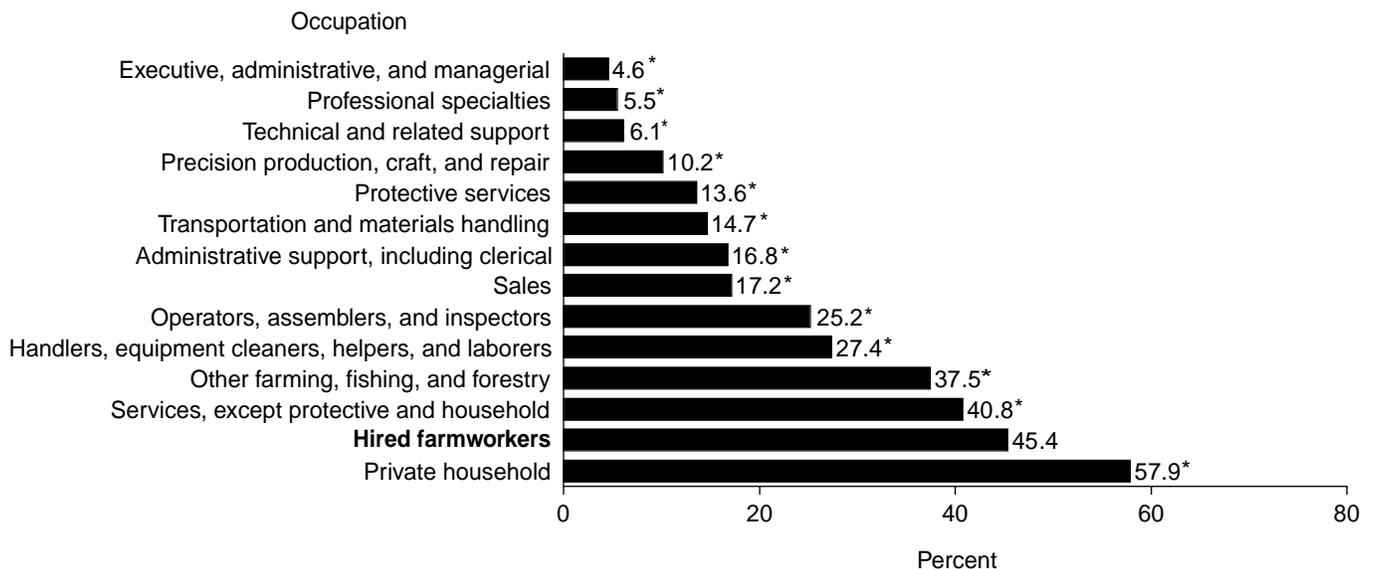


\*Significantly different from hired farmworkers at the 95-percent confidence level.

Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

Figure 25

**Percent of full-time workers who are low-wage, by occupation, 1998**



\*Significantly different from hired farmworkers at the 95-percent confidence level.

Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.

**Table 19—Demographic characteristics of low-wage hired farmworkers, compared with all hired farmworkers, 1998**

Characteristics	Annual averages			
	Low-wage hired farmworkers <sup>1</sup>		All hired farmworkers 25 years of age and older	
	Thousands	Percent	Thousands	Percent
Total	346	100.0	626	100.0
Gender:				
Male	272	78.7	518	82.7
Female	74	21.3	108	17.3
Racial/ethnic group:				
White	132	38.2*	301	48.1
Hispanic	190	54.8*	282	45.0
Black and other	24	7.0	43	6.9
Age (years):				
Less than 20	—	—	—	—
20-24	—	—	—	—
25-34	132	38.1	224	35.8
35-44	84	24.2	185	29.4
45-54	72	21.1	122	19.6
55 and over	58	16.6	95	15.2
Median age		39		39
Schooling completed:				
0-4 years	52	15.1	78	12.6
5-8 years	102	29.3	147	23.5
9-11 years	68	19.8	112	17.8
12 years <sup>2</sup>	74	21.5	176	28.0
13 or more years	50	14.3	113	18.1
Citizenship status:				
U.S. citizen	196	56.8*	405	64.7
Not U.S. citizen	150	43.2*	221	35.3
Establishment:				
Crop production	208	60.1	339	54.2
Livestock production	116	33.5	248	39.6
Other	22	6.4	39	6.2
Census region:				
Northeast	23	6.6	42	6.7
South	120	34.8	216	34.5
Midwest	35	10.2	85	13.5
West	168	48.4	283	45.3

<sup>1</sup>Low-wage workers are workers 25 years of age and older earning less than the official U.S. 1998 weighted poverty threshold for a family of four (\$16,655).

<sup>2</sup>Schooling completed: 12 years means that a person received a high school diploma, GED, or equivalent degree.

\* Significantly different from all hired farmworkers 25 years of age and older at the 95-percent confidence level.

Source: Calculated by ERS using data from the Current Population Survey earnings microdata file.